



THE BUDGET SOLUTION: 2009-2010

CALWORKS REFORM: GETTING CALIFORNIANS BACK TO WORK

IN TOUGH BUDGET TIMES, FOCUSING LIMITED RESOURCES WHERE THEY ARE MOST NEEDED

“We're also very happy that in this budget we make government more efficient and also we are cutting the waste, fraud and abuse in some of the programs.” (Gov. Schwarzenegger, 7/20/09)

California's welfare-to-work program – California Work Opportunities and Responsibilities to Kids (CalWORKs) – is by many measures the most generous in the country, both in terms of cash assistance paid to its participants and in the severity of sanctions for those who do not comply with its requirements. In our current economy, the program is unsustainable. The Governor has repeatedly proposed reforms to the program, dating back five years to his first state budget. In this budget negotiation, he was successful in winning both short-term savings and long-term reforms as a way to focus the program on moving larger numbers of families toward self-sufficiency.

Governor's Reforms:

Short-term reform. There will be greater flexibility by the counties to provide supportive services to the populations meeting all or a portion of state and federal work requirements. Counties can target their limited resources to the most appropriate populations in their region, based on need.

- **This reform will lead to a savings of \$510 million in 2009-10.**

Long-term reforms. Beginning in July 2011, the following changes will be made to CalWORKs to help achieve structural stability in our state budget and increase the “work” focus of the program:

- **Reforming aid limits will strengthen the program's focus on work:**

- There continues to be a lifetime maximum of 60 months. However, starting on July 1, 2011, adults will not be able to stay on the program for more than 48 consecutive months. After 48 months, they are removed from the program and cannot receive aid for 12 months. After “sitting out” of the program for 12 months, an adult can receive another 12 months aid – for total lifetime maximum of 60 months.
- If work-eligible adults exceed 60 months, they lose the “adult” portion of the grant and the remaining family grant is reduced by 25 percent. If they meet work requirements, they will receive 100 percent of the child-only grant. If they are able to work but don't, they will receive only 50 percent of the family grant.
- For non-work-eligible adults, the maximum aid is 75 percent of the child-only grant, unless they meet work participation requirements.

- **Self-Sufficiency Reviews:** All CalWORKs adults are required to meet face-to-face twice a year with county workers as a condition of eligibility. If they do not attend the meeting, they no longer meet the eligibility requirements and will face sanctions or termination from the program.

- **Graduated Sanctions:** Individuals who refuse to comply with program requirements will be subject to increased sanctions similar to sanctions used in other states.

- Step 1: If an adult refuses to comply over 3 consecutive months, the adult-portion of the grant (\$139) is removed.
- Step 2: If, after another 3 months and an intervention, the adult does not comply, 25 percent of the remaining ‘child-only’ grant is removed.
- Step 3: If, after another 3 months and an intervention, the adult still does not comply, another 25 percent is removed from the child-only portion, for a total 50 percent child-only grant reduction.

- **Sanction “clock”:** An adult in sanction status will continue to have that sanction time counted against their 48 month limit and lifetime maximum total of 60 months of aid.

- **These reforms will lead to a savings of \$600 million annually beginning in 2011-12.**

Background:

California's welfare program is too generous and too lenient to sustain.

- California's current maximum benefit level is the third-highest in the country. \$694 per month in cash assistance for a family of three.
- While California has 12 percent of the nation's population, 30 percent of the nation's total welfare recipients are supported by this program.
- While caseloads have dropped nation-wide and in other populous states since the enactment of national welfare reform (for example, an 81 percent drop in Illinois and a 64 percent drop in New York between 1996 and 2002), California's drop has been far more modest (48 percent over the same time period).

Only a small portion of CalWORKs recipients are meeting the federal government's work requirements.

This means the bulk of recipients are not fully engaged in the program's services that allow them to become employed and self-sufficient.

- At present, only 22 percent of CalWORKs recipients required to meet federal minimum work minimums are doing so. And since only 60 percent of our case recipients are even required to meet those minimums, an even smaller percentage of total California recipients are actually meeting the requirements.